

# Medical Aid Funds: Not Business as Usual



*Uatavi Mbai*

**By** Uatavi Mbai

14 May 2023

The growth in healthcare costs over recent years is of concern to the medical aid funding industry.

Even though many may argue that the value of the assets that medical aid funds hold in reserve (approximately N\$1,7 billion on 30 September 2022) is adequate to withstand adverse claims which may result from increased liabilities.

Medical aid funds are facing challenges: They have been spending more money on claims compared to the contributions collected over the last six months (last quarter 2022 and first quarter 2023).

The ideal ratio for funds is 85% should be spent on healthcare costs/claims, 10% on administration expenses, and 5% towards reserves/investments.

The current experience is that all medical aid funds are constantly accessing their reserves to fund healthcare benefits which is not sustainable in the medium to long term.

The medical aid funding industry lessens the burden on strained national healthcare by providing members access to state-of-the-art healthcare and allowing healthcare providers to practice their professions or offer their services.

With the increase in the number of specialist and private hospitals in Namibia, the healthcare landscape has changed, and understanding our role in slowing the growth in claims experienced involves understanding what drives healthcare costs and how to manage them effectively.

This includes understanding the relative importance of healthcare cost drivers, which, among others, include benefit design, price inflation, provider incentives, consumer demands, technological growth, etc.

## THE FUTURE

The question each key player should be asking themselves is how they can help ensure the sustainability of the health funding industry?

The Namibian Association of Medical Aid Funds (Namaf) is setting strategies to ensure sustainability in the interest of all stakeholders – medical aid funds, healthcare service providers and most importantly, members of medical aids.

For their part, Namaf-registered medical aid funds have committed to work together towards finding and implementing solutions through devising industry-level interventions by entering a memorandum of understanding.

Workshops are planned for June 2023, when the funds and the management committee will set out strategies towards ensuring the future sustainability of the industry.

Namaf will also host a range of engagements through webinars to keep the industry and stakeholders abreast of interventions, which all concerned are encouraged to attend ([www.namaf.org.na](http://www.namaf.org.na)).

Everyone needs to understand and know their role and how they can contribute positively to ensure funding sustainability.

- Uatavi Mbai, Namibia Association of Medical Aid Funds stakeholder relations and communication manager.

# Medisynepryse onder die loep

**Die sentrale mediese stoor bestee ten minste N\$1,2 miljard jaarliks aan medisyne.**

► **Henriette Lamprecht**

**M**edisyne dryf die tweede grootste gedeelte van die koste van gesondheidsorg in Namibië met sowat N\$8 miljard jaarliks.

Dit vir 'n bevolking van 2,6 miljoen waarvan 42,2% onder die ouderdom van 18 jaar is. Die minsterne van gesondheid en maatskaplike dienste se sentrale mediese stoor bestee ten minste N\$1,2 miljard aan medisyne vir 80% van inwoners, uitsluitend mediese dienste.

Geregistreerde private mediese fondse onder die vierk van die Vereniging van

Mediese Fondse in Namibië (Namaf) bestee jaarliks ten minste N\$800 miljoen op medisyne vir 8% van die land se inwoners. Vir die staat se mediese fondse (Fsemas) is die bedrag ten minste N\$1 miljard vir 12% van die bevolking.

Tendense in die finansieringsbedryf vir private gesondheidsorg wys ook medisyne is die tweede hoogste kostedryfveer ná private hospitale.

## PLAASLIKE PRYSE

In 'n poging om die hoë koste te takel en die volhoubaarheid van die finansieringsbedryf te verseker, is aansienlike vordering nou gemaak vir die implementering van die Namibiese produk- en verwante pryse vir medisyne, chirurgie, asook verbruikersgoedere. Laasgenoemde sal Namaf in staat stel om 'n standaardtarief vir medisyne in te stel.

Volgens Namaf se bestuurder vir korporatiewe kommu-

nikasie en belanggroepverhoudings, Uatavi Mbai, sal die ontwikkeling van die regering se prysbeleid vir farmaseutiese produkte wat onderweg is, die pogings van die vereniging ondersteun om die plaaslike standaardprys te implementeer vir alle medisyne en farmaseutiese produkte wat in die mark beskikbaar is.

Die standaardtariewe sal uiteindelik die regering se pogings ondersteun om die farmaseutiese prysbeleid in te stel. 'n Konsultasieproses met rolspelers sal volgens Mbai nou begin waarin die plaaslike standaardtarief vir farmaseutiese, medisinale, chirurgiese en mediese toerusting asook gesondheidsprodukte (Nappi) bespreek sal word.

Volgens Mbai is Namaf opdrag gegee om strategieë en ingrypings te ontwikkel om die risiko van die volhoubaarheid van die bedryf te takel.

NA BL 2

► **Mathias Haufikwa**

Teen druktyd gisteraand was die uitslag van 'n dringende hofaansoek wat Menzies Aviation Namibia teen Paragon Investments gebring het, nog nie bekend nie.

Ten spyte van opeenvolgende nederlae in die hof, weter Menzies om die aftog te blaas. Die onderneming beweer sy mededinget, Paragon, het nie die nodige ervaring om grondhanteringsdienste by die Internasionale Lughawe Hosea Kutako (HKIA) te lewer nie. Menzies het die aantyging gemaak in 'n



**Desmond Amunyela**  
FOTO: VERSEAF

verklaring wat uitge-rek is ná die hoog-geregshof se uitspraak van Vrydag waarin hy 'n appélzaak verloor het. Die appél was teen die Namibië Lughawensmaatskappy (NAC) se versoek dat Menzies die perseel moet ontruim sodat Paragon sy dienste kan oorneem. Menzies lewer sedert 2014 grondhanteringsdienste by die lughawe.

"Ons kan nie kommentaar lewer oor 'n regs-geding wat rans aan die gang is nie. Ons het dit egter duidelik gemaak aan die NAC en aan die nuwe entiteit namens wie die uitsetting aanvra en toegestaan is, dat die ander voortgesette hofverrigtinge wat Menzies aanhangig gemaak het om die kontrak wat toegeken is aan ons in te onderhandel (wat nie ondervindig en kapasiteit het om die nodige dienste te lewer nie) sal voortduur totdat Menzies al sy regte verkry het," het Menzies se vizepresident vir kommersiële en besigheidsonwikkeling in Namibië en Suid-Afrika, Jan van Hooyen, gesê.

NA BL 2

al die nuus hier:  
http://info.my.na/

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# Medisynepryse

VAN BL 1

In dieselfde asem moes mediese fondse wat onder Namaf val, ingrypings wat spesifiek op die fonds van toepassing is, bedink.

Die Namibiese standaard- of basisprys vir medisyne is die prys waarteen 'n kleinhandelaar (apteek, hospitaalens.) die medisyne van die groothandelaar koop en wat bestaan uit die vervaardigers se prys sowel as die groothandelmarge.

Die implementering van die Namibiese Nappi-standaardtarief behels 'n lys van medisyne wat geregistreer is by die Namibiese Medisynebeheerraad (NMRC) en beskikbaar is in die land, sowel as 'n deursigtige proses waartydens die landingskoste van medisyne in Namibië vasgestel en onderhou kan word.

Mbai verduidelik produkte uit Suid-Afrika kry openbare domein Nappi-kodes wat gebaseer is op die prys waarteen goedere in dié land by groothandelaars gekoop word (SEP). Vir alle produkte wat nie hul oorsprong in die buurland het

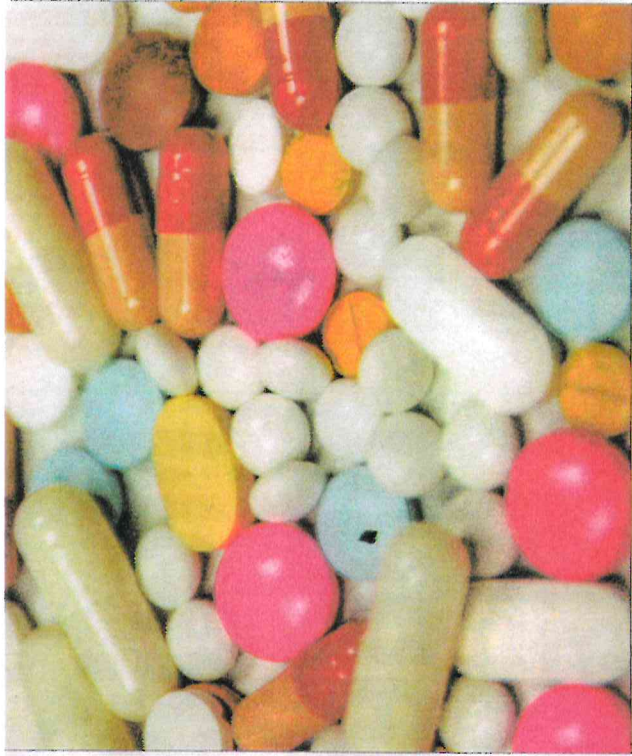


FOTO UNSPLASH

nie, skep handelaars in Namibië 'n gebruiksproses en fopkodes.

“Die SEP (Single Exit Price) is die basisprys in Suid-Afrika en bestaan uit 'n koste waarteen goedere by 'n fabriek aangekoop word en met 'n logistieke tarief-

komponent (belasting op toegevoegde waarde) vir medikasie wat verskaf is aan alle aankopers buite die staat. Die SEP-meganisme is die maksimum prys wat vir medisyne gevra kan word.”

- henriette@republikein.com.na



# NOTICE

## Annual General Meeting (AGM) 2023

Notice is hereby given to all authorised representatives of registered Medical Aid Funds to attend an Annual General Meeting (AGM) 2023 to be held at:

Date: 27<sup>th</sup> July 2023

Time: 09h00

Venue: Namaf Boardroom

In terms of section 17 (1) and (2) of the Medical Aid Funds Act 1995 (Act No. 23 of 1995), the Association shall convene an Annual Meeting. The meeting shall be attended by all authorised representatives of the registered Medical Aid Funds, who shall be the only persons entitled to speak and vote during the meeting.

Valued industry stakeholders are encouraged to attend as observers of the AGM.

In line with Regulations, attendees are hereby requested to RSVP at [corporatecomm@namaf.org.na](mailto:corporatecomm@namaf.org.na) before Friday, 14 July 2023.

[www.namaf.org.na](http://www.namaf.org.na)



  
**Namaf**  
Namibian Association of Medical Aid Funds

# Is Namibia an Unhealthy Nation?



*BOOTCAMP ... Members of the Fitness 24/7 training bootcamp during an exercise session in Windhoek. The bootcamp, run by certified fitness instructor Nelson Sakaria has more than 40 members who work out from Monday to Thursday. Sakaria is also a personal trainer. Photo: Contributed*

**By** [Uatavi Mbai](#)

28 June 2023

**Healthcare delivery in Namibia is characterised by a two-tier system of private healthcare, funded through registered medical aid funds and the Public Service Employee Medical Scheme (Psemas), which covers up to 20% of the country's population, and public healthcare under the Ministry of Health and Social Services, covering 80% of the population.**

Since 1990, when Namibia gained independence, ensuring affordability and availability of high-quality medicine for all its residents has been a top priority of the government.

However, the cost of medicine represents the second-largest healthcare expense in Namibia at about N\$3 billion annually for a population of 2,6 million people, of which 42,2% are below 18 years of age, according to Namibia Statistics Agency (NSA) population data.

The amount spent on medicine involves the following:

- (i) The Ministry of Health and Social Services (Central Government Stores), through public procurement, spends at least N\$1,2 billion on medicine for 80% of our population, excluding medical devices.
- (ii) Registered medical aid funds under the Namibian Association of Medical Aid Funds (Namaf) annually spends at least N\$800 million on medicine for 8% of the population.
- (iii) Psemas annually spends at least N\$1 billion on medicine for 12% of the population.

These high amounts raise the question, in particular: Do the health ministry, Psemas, and medical aid funds need to do something about medicine?

Regarding private health funding, trends show that medicine is the second-highest cost driver, following private hospitalisation.

Owing to utilisation and high healthcare inflation above the consumer price index, Namaf held a workshop on the drivers of healthcare inflation in 2018 and agreed that the sustainability risk of the industry is of major concern, needing mitigating intervention.

Granted the statutory powers to control the functioning of medical aid funds, Namaf has been tasked to devise strategies and interventions to address industry-wide risks.

Similarly, granted the statutory powers to control the function of each fund, boards of trustees have been tasked to focus on devising fund-specific interventions aimed at addressing the problem.

To understand the problem of medicine, the point of departure is the determination of the Namibia benchmark or base price for medicine.

This is the price at which a retailer (whether a pharmacy or dispensing provider, or a hospital) purchases medicine from a wholesaler, composed of the manufacturer's price and wholesale margin.

The implementation of the Namibian National Pharmaceutical Product Interference (Nappi) benchmark price file, or base price for medicine, entails the following:

- a list of medicines registered by the Namibia Medicines Regulatory Council (NMRC) and available in Namibia,
- a transparent process according to which landing costs of medicine in Namibia can be established and maintained, and
- that the above processes inform pharmaceutical benefit management (PBM) funds received from vendors.

The implementation of the Namibian Nappi benchmark price file requires an understanding that products from South Africa are allocated public domain Nappi codes based on the South African single exit price (SEP).

For all products that do not originate from South Africa, vendors in Namibia create a custom process and 'dummy' Nappi codes.

SEP is the base price in South Africa as created by Section 22G of the Medicines and Related Substances Control Amendment Act for South Africa.

SEP consists of an ex-factory price with a logistical fee component (value-added tax) for medications supplied to all purchasers other than the state in order to provide transparency to the private sector.

The SEP mechanism is the maximum price that can be charged for a medicine.

Namaf is setting strategies to ensure the future sustainability of the medical aid fund industry in the interest of all stakeholders – medical aid funds, healthcare service providers, and, most importantly, members of medical aid funds.

Namaf has been working on implementing the Namibian product file and concomitant price file for medicine, surgical equipment, and consumables to enable the association to introduce a benchmark tariff for medicines. Significant progress has been made thus far.

The development of the government pharmaceutical pricing policy, which is underway, will augment the efforts of Namaf to implement the Namibia benchmark price in respect of all medicines and pharmaceutical products available on the Namibian market, which would eventually augment the government's efforts to introduce a pharmaceutical pricing policy.

However, it is necessary that a collaborative rather than an imposing approach be followed, and to this end, Namaf would be initiating a process through which open engagement can take place to discuss the Namibian Nappi benchmark price file with stakeholders.

- Uatavi Mbai is the stakeholder relations and communication manager at the Namibian Association of Medical Aid Funds.